



BUSINESS ADVISORY COUNCIL MEETING MINUTES

DATE: Thursday, October 15, 2015

TIME: 1:09 p.m. to 3:34 p.m.

LOCATION: 770 3rd Street, West Sacramento, CA – Executive Dining Room

CALIFORNIA HIGH-SPEED RAIL AUTHORITY REPRESENTATIVES:

Tom Fellenz, CHSRA
Business Advisory Council
Chair

Alice Rodriguez, CHSRA
Small Business Advocate

Jose Camarena, CHSRA
Contract Compliance
Administrator

Olivia Fonseca, CHSRA –
RDP

Austin Kidwell, CHSRA –
RDP

Kristal McCain, CHSRA –
RDP

Alex McCracken, CHSRA –
RDP

MEMBERS PRESENT:

AAAE: Eddy Lau

AAa/e: Linden Nishinaga

AGC: Sam Hassoun

ACEC: Arvin Chaudhary

AICC: Adam Holt

CBCC: Aubry Stone

CMAA: Esther Shaw

DVBA: Laura Uden

GFACC: Debbie Hunsaker

KMCA: Marvin Dean

LBA: Leonard Ortiz

LRRT: Paul Guerrero

NAACP: Betty Williams

NCA: Diana LaCome

SFAACC: Fred Jordan

WCOE: Lee Cunningham

SAME: Vida Wright

WTS: Maritza Acosta

MEMBERS ABSENT:

CAACC: Tanya Motta

CHCC: Darrel Saucedo

ESDVOBN: Rick Fowler

NAMC: Peter Varma

USPAACC: Clyde Wong

ALTERNATES PRESENT:

CHCC: Jesus Vargas

DVBA: Mike Sabellico

GUESTS

Michael Aguilio, DGS

Bob Beamer, CalVet

Tanya Little, California
Business Development

John James, DFJV

Romena Jonas, Assyrian
Chamber of Commerce

Yasu Ohodeva, TAI

Mike Ostrom, TPZP JV

Sarah Villa, DFJV



BUSINESS ADVISORY COUNCIL MEETING MINUTES

ITEM I: Welcomes & Introductions (Thomas Fellenz, Council Chair)

- Council Chair Fellenz opened the meeting at 1:09 p.m. by welcoming everyone and initiating introductions of council members, authority staff and guests.

ITEM II: Approval of August 20, 2015 Business Advisory Council Meeting Minutes (Tom Fellenz, Council Chair)

- Council Chair Fellenz presented the minutes from the August 20, 2015 council meeting.
 - Member Guerrero moved that the minutes be adopted. Member Dean seconded the motion. The minutes were adopted by majority vote.

ITEM III: Small and Disadvantaged Business Enterprise Program Update (Alice Rodriguez, Small Business Advocate)

- Lisa Marie Alley, the Deputy Director of Public Affairs and Press Secretary for the Authority is now overseeing the office of Small Business. Ms. Alley is a champion for small business participation on the High-Speed Rail program and is committed to showcasing and furthering the Authority's commitments to the small business community. Ms. Rodriguez reports directly to Ms. Alley.
 - Council Chair Fellenz concurred and stated that Ms. Alley is an excellent asset for the Authority and the small business community.
- Small business workshops have continued in the central valley with the much appreciated assistance of Jose Camarena's team in Fresno. Workshops are now also being held in Northern California with several in Southern California that are in the planning stages.
- Four community open houses have been held in the Bay Area. Acknowledgments to Members Cunningham, Acosta and Jordan for being in attendance and having the opportunity to meet CHSRA Board of Directors Vice-Chair Thea Selby.
- Other recent events were attendance at the Construction Open House in Fresno and a CP4 mixer in Wasco.
- The Authority extends its gratitude to Members Vargas, Stone and Cunningham for their invitation, cooperation and assistance in securing an Authority presence at recent California Hispanic Chamber of Commerce, California Black Chamber of Commerce and Women Construction Owners and Executives (WCOE) events.
- Member Cunningham acknowledged Northern California Regional Director Ben Tripousis and Ms. Rodriguez for attending the recent WCOE conference and praised their participation at the conference. Member Cunningham further called for the Council Members to work together in inviting one another to events put on by member organizations and also for the Authority to make a strong effort to attend member organization events in order to expand the partnership between BAC members and with the Authority.

- Members Cunningham and Hassoun asked who and how to contact the Authority to invite Authority staff and Board of Directors members to member organization events.
 - Ms. Rodriguez answered that she was a front line of contact for BAC members on the Authority attending events and invited members to contact her with information on upcoming events.
 - Karen Massie added that the Authority website under “Newsroom” includes the “Speakers Bureau” that can be filled out and submitted. Ms. Massie works on coordinating speaking events for the Authority’s senior executives and board members and that she could assist with coordinating their attendance at events through the submission of the “Speakers Bureau” form.
 - Member Lee asked Ms. Massie to share the Speaker Bureau process with BAC members.
 - Member Guerrero invited Ms. Rodriguez to the La Raza Roundtable meetings held on the last Friday of the month in San Jose, California.
- A contract with DGS is in the works to assist small businesses on how to do business with the state and for certification workshops. The precise parameters of the contract are still being determined.
- External meetings have been held with the DGS Construction Focus Group and with the Governor’s Small Business Advocate Jesse Torres to discuss how to mutually strengthen the state’s commitment to the small business community and to develop meaningful relationships in advancement of this commitment.
- There are several upcoming events that will be attended by the Authority, which include:
 - Honor a Hero, Hire a Vet event in Livermore.
 - NAACP Annual Conference in Manhattan Beach, which will be attended by Southern California Regional Director Michelle Boehm.
 - San Joaquin County Hispanic Chamber Business Expo in Stockton.
 - Southwest Veterans Business Resource Center SB Summit in Moreno Valley.
- Member Guerrero stated that at past events he had received copies of the Small Business newsletter and asked if the BAC could get copies of recent versions of this newsletter.
 - Ms. Rodriguez answered that the BAC will receive copies of the next Small Business Newsletter once it has been prepared.
- A series of public meetings will be held soon regarding the High-Speed Rail Program in Southern California on both the Los Angeles to Anaheim and Burbank to Los Angeles project sections. These meetings provide an opportunity for the public to receive information on the progress of the High-Speed Rail Program and to gather feedback from the community.
 - Member Guerrero stated that the Authority needs to make sure it complies with Environmental Justice before and during the public meetings.

ITEM IV: Contract Compliance Update (Jose Camarena, Contract Compliance Administrator)

- The Small Business Development Services RFP is still being prepared and should be out within the next two weeks. The release of the RFP has been delayed because the Authority is working

hard to ensure that its RFPs template language are consistent with one another and with state regulations, which has slowed the process for this RFP.

- Member Guerrero noted that Patricia Padilla has expertise on small business supportive services and is part of the Authority's Rail Delivery Partner and asked if Ms. Padilla had any role with the Small Business Development Services RFP.
 - Mr. Camarena responded that the Padilla team assisted in determining the scope of the RFP.
- Member Lau stated that the contact was going out as a competitive bid and stated his view that it would be better if the awarding of the contract was done on a quality-based selection process.
- Member Wright asked whether the Small Business Development Services contract would be focused on the small business community as a whole or primarily on small businesses that are already on the High-Speed Rail Program.
 - Mr. Camarena responded that the contract would address both of these aspects and would include supporting small businesses already on the project and assisting small businesses that would be interested in working on the project in the future.
- Member Guerrero stated that an essential part of the development services contract should be teaching cost control and cost accounting and asked if these services would be included in the contract.
 - Mr. Camarena answered that this would be part of the contract.
- Member Sabellico strongly advised that there be no further delay in releasing the Small Business Development Services contract out on the street because these services are needed as soon as possible.
- Mr. Camarena and Ms. Fonseca added to the discussion that issuing this contract was a requirement from the Federal Railroad Administration (FRA) and that it must be out soon to meet FRA's requirements. The contract will follow state rules on RFPs. This RFP will follow a combined technical and cost evaluation and the award will be based on highest score of the two factors.
- The Helmets to Hard Hats contract is progressing. This is an existing program that the High Speed Rail Program will be partnering with on veterans outreach and to facilitate the participation of veteran workers on the High-Speed Rail construction.
- The most recent Quarterly Small Business Utilization Report was issued in September and includes best available small business utilization data through June, 2015. It shows over \$80 million of utilization on professional services contracts, which is a 30.62 percent utilization rate on professional services contracts including 15.6% DBE utilization and 2.61% DVBE utilization.
 - Member Sabellico noted that this report lists dollars utilized on Professional Services contracts but not dollars paid and stated that this report should include information on dollars paid. He further stated that he had heard that seven of TPZP's DVBE team members have not received work and expressed concern that DVBE team members may be listed on the contract but not utilized.
 - Mr. Camarena noted that the construction portion of this report, which includes TPZP, is based on dollars paid. Mr. Camarena also indicated that TPZP has not

had much construction occurring and that may be why the DVBES are not working yet.

- Member Uden noted that TPZP's small business utilization number is only at 10% and asked why their utilization number was this low.
 - Mike Ostrom responded that this is largely due to TPZP still being in the beginning stages of its contract. TPZP's process began with expending over \$70 million in insurance, which represented a large part of the reported contract value. Then, it moved into design work which is a long process and its design subcontractors could only begin work after negotiation and securing bonding and insurance. TPZP is now beginning to move into initial construction work along with abatement and utility work. TPZP has been building its organization over time and putting its processes and systems into place. In particular to the questions, TPZP's major construction subcontractors are waiting for work that is not yet available. For these reasons, TPZP's current utilization percentage appears lower now and will increase once work ramps up.
- Member Lau stated that the Small Business Utilization Report does not indicate whether the Prime Contractor is a small business firm and stated a concern that small business prime contractors should be made to meet the goal with other small business subcontractors.

ITEM V: Project Updates

Project Status Update (Tom Fellenz, Council Chair)

Council Chair Fellenz provided a PowerPoint presentation. ([October 2015 BAC Project Overview PPT](#))

- California is the world's seventh largest economy and its geographic and demographic layout is ideally suited to high-speed rail travel.
- The High-Speed Rail Program will be a transformative investment in California's infrastructure that will connect the disparate regions of the state and ease the transportation burdens of a rapidly growing population.
- Around the world, 12 countries successfully utilize high-speed rail systems. China alone has added 6,000 miles of high-speed rail track over the last 13 years.
- Member Nishinaga asked if the Chinese system had experienced any accidents.
 - Council Chair Fellenz answered that it had but that information on those events is unclear. Chair Fellenz further noted that the extensive Japanese system has been in operation since 1965 and has had zero accidents in that time.
- California is projected to have a population of 50 million people by 2050. This will severely strain the state's transportation system. The state's highways, already the most congested in the nation, and its airports, which present limited expansion potential, will be unable to meet the transportation needs of a growing California.
- Passenger trains in California share their tracks with freight trains, which significantly slows and inhibits responsive passenger train travel demands.

- High-speed rail is a significantly cheaper investment than its alternatives and is the only option that will make a substantive contribution to improving California's air quality
- Member Stone asked about the Express West proposal that would link Las Vegas and Victorville with a high-speed rail line.
 - Council Chair Fellenz gave a brief overview of the Express West proposal, explaining that the Express West proposal was in its initial stages and that it was unclear whether it would be able to secure funding. Express West alignment has already obtained environmental clearance. The Authority has had discussions with the Express West partnership on the possibility to link the high-speed rail system in Palmdale with the Express West system in Victorville, a link that the Authority does not have the legal authority or environmental clearance to pursue at this time. The Authority is focused on the phase 1 construction system at this time.
- The High-Speed Rail Program is being funded through \$3.3 billion in American Recovery and Reinvestment Act (ARRA) funding, \$9 billion in Proposition 1A funds and through 25 percent of the state's Cap and Trade revenue.
- Member Nishinaga noted the earthquake risk in California and asked whether earthquake safety measures were an Authority priority.
 - Council Chair Fellenz answered that earthquake safety is an Authority priority and that the Authority is working to understand and learn lessons from the Japanese system, which is also in an earthquake-prone part of the world and has withstood multiple significant earthquake events without any derailments or fatalities.
- The High-Speed Rail Program will supplant 5,000 acres of farmland. The Authority is actively working to replace this displaced farmland and ensure the program does not negatively impact California's agricultural abundance.
- The High-Speed Rail Program has begun construction in the central valley. Construction began there for several reasons:
 - Property values there are lower than in the rest of the state, facilitating a streamlined right-of-way acquisition process
 - The central valley is the only viable part of the state for a test track. The Authority will need a hundred-mile long test track to test its trains and this track must be straight in order to test the trains at maximum speed. The central valley is the only part of the state where this test track can be built.
 - The central valley is the fastest growing portion of the state and will benefit greatly from the direct connection between the Bay Area and Los Angeles. The potential economic development impacts of the High-Speed Rail Program are greatest in the central valley region.
- There are 10 regional sections to the High-Speed Rail Program. Two program-level environmental clearances have been completed for the central valley regional section. The Authority is now working on completing environmental clearance processes in the remaining eight regional sections.
- Member Stone asked for clarification on what the environmental process on the regional section entails.

- Council Chair Fellenz responded that this involves CEQA and NEPA clearance, and involves initial design work because environmental impacts cannot be assessed until initial design is complete.
- Member Uden asked for confirmation that HNTB would be doing the environmental work on the Bay Area regional sections.
 - Council Chair Fellenz responded that HNTB had won the initial award of this contract, however, the Authority is still in contract negotiation with HNTB.
- In Northern California, the Authority is working on electrification of the San Francisco to San Jose corridor, which is shared with CalTrain, and has made significant contribution to the Transbay Terminal.
- Member Nishinaga observed that the high-speed rail trains would need to slow down on the shared segment and asked at what speed the trains would travel on the San Francisco to San Jose shared corridor.
 - Council Chair Fellenz answered that the trains would travel at 125 miles per hour in this corridor.
- The Authority will be working with freight lines to reduce the number of at-grade crossings, and thereby reduce the number of accidents in which cars hit trains.
- Station Planning is underway with San Jose and Gilroy corridor.
- The Authority has a vision for station area planning which is focused on stimulating the local economies through commercial, retail and residential development and connecting local economies through integrating transportation systems.
- Proposition 1A allowed for up to 24 stations.
- Member Nishinaga asked how the number of stations and number of stops would affect the travel time for the trains.
 - Council Chair Fellenz answered by clarifying that the 2 hour and 40 minute travel time from San Francisco to Los Angeles mandated in proposition 1A was for a nonstop train transit without intermittent stops. Once completed, the system will be administered by a private operator, which will determine the train schedules. It will be up to the operator whether there will be nonstop train between San Francisco and Los Angeles. There will be passing tracks should the operator chose to operate express trains. The Authority will continue to exist to provide oversight and the state of California will continue to own the system.

Construction Package 1 Update - Mike Ostrom (TPZP)

- TPZP is still in the design phase and is working on underground facilities, storm drain removal, design on Madera avenues 8, 10, 11 and 12 overcrossing, and working on grade separations items.
- TPZP is pushing to acquire parcels for construction activity.
- TPZP is actively working with on design and construction work on PGE facilities with PGE.
- Property acquisition and abatement is well underway. Small Business subcontractors are heavily utilized, including J. Kroecker which does the demolition work.

- TPZP's currently has \$299 million in small business commitments, which is 30 percent of the contract value. This includes \$192 million to DBEs, a 19 percent commitment, and \$23 million to DVBEs, a 5.73 percent commitment.
- The DVBE commitment has taken a major jump because one of TPZP's subcontractors, Valverde, has recently been certified as a DVBE.
- More commitment are in process, including \$12 million more to SBs, \$867,000 to DBEs and \$10 million to DVBEs.

Construction Package 2-3 Update - John James, Dragados/Flatiron (DFJV)

- DFJV is currently engaged in environmental work, though the right-of-way challenges have slowed the process. Most of DFJV's environmental work will be done by SBs.
- Demolition work presents opportunities for SBs, especially because there is a wide range of different demolition services that DFJV needs.
- Seven SB/DBE/DVBE firms placed bids on demolition work.
- A prebid will be held next Friday in Fresno for storm water.
- DFJV will need a significant number of suppliers due to the geographic range of its project segment, presenting ample opportunities for SB suppliers.
- \$14 Million is planned in SB utilization this year.
- Several events are imminent. They include:
 - October 9: Meeting with the Kern Minority Contractors Association (KMCA)
 - October 21: Subcontractor prebid.
 - October 22 and October 23: Storm water services prebid.
- Meetings with the Greater Fresno Area Chamber of Commerce and Hispanic Chamber of Commerce are being planned.
- Council members are welcome to send DFJV information on upcoming events. DFJV is committed to partnering with the local community and is focused on public outreach.
- Small businesses interested in working with DFJV should visit the DFJV website
- DFJV's goal is for \$370 million in SB utilization. \$5 million is currently committed and DFJV is actively seeking to add SB subcontractors.
- Member Guerrero asked about environmental justice and if this was being included in DFJV's work.
 - Mr. James responded that an environmental justice plan was included in DFJV's work and that DFJV is partnering with the local community and with local organizations on environmental justice.

ITEM VI: COMMITTEE UPDATES

Professional Services Committee (Vida Wright, Committee Chair)

- The committee is seeking to be a meaningful partner with the Authority, in order to enhance this partnership the committee would like for its requests to be considered in a timelier

manner, the Authority has taken excessive time periods to respond to the committee's requests. In addition, the committee would like to be able to directly present its committee requests to the relevant Authority staffers in order to ensure that the committee request is being understood and options presented can be considered.

- The committee has requested that a safe harbor rate be adopted as an option for overhead costs, and several businesses have asked for the safe harbor rate and have been declined.
 - Ms. Rodriguez stated that the Authority is actively considering this request. A recent meeting was held with Senior Management Auditor Paula Rivera and further discussion will be taken up on whether a policy change will be made. Ms. Rodriguez further stated that she would work to set up a call between Ms. Wright and the relevant Authority staffers to directly discuss the request.
- The committee is considering a request to facilitate and enforce prompt payment to SB subcontractors, and would request that the Authority pro-actively track prompt payment to SB subs on all tiers.
- The committee will be submitting an updated request on the Authority's debriefing contract language.
- The committee has previously submitted a request on separating the SB goals for the construction and design aspects of contracts and is awaiting the Authority's response.
 - Ms. Rodriguez stated that this request has been discussed with Jeff Morales and is being studied and that she would facilitate a discussion on this request between committee members and relevant Authority staff.
- The committee is continuing to prepare a request that the 30/10/3 goal be applied to all contracts, including 3rd party contracts. While the committee understands that there are some difficulties to this approach, it would like the Authority to at least make the effort to adhere to the goal on Authority and third party contracts.
- The committee would like a more comprehensive breakdown of small business utilization, including breakdown by subcontractor name, by subcontract value and scope of work.
- The committee reiterates its request that travel expenses for Council Member be reimbursed.
- The committee also discussed its mission and goals, which are to enhance and facilitate small business participation on the project and level the playing field for small businesses. The High-Speed Rail Program has been sold on its potential for economic development but the small business community has not sufficiently felt the positive impacts thus far and the committee is committing to work to ensure the small business community experiences the benefits of the project.
- In furthering this mission the committee agreed to the following mission statement: "The mission of the Professional Services Committee of the California High Speed Rail Business Advisory Council is to promote the participation of SBE/DBE/DVBE professional services firms in California High Speed Rail Authority contracts and a level playing-field for the participation of these businesses."
- Member Acosta stated that she would like for the Authority and the Board of Directors in particular, to be better informed and aware of the deliberations and recommendations of the Business Advisory Council. She stated that at a recent meeting with a member of the Board of Directors that the Board Member was unaware of the Council's operations and of the Professional Services Committee's goals and recommendations. Member Acosta requested

that the Board of Directors be informed of the deliberations of the Council at the Board Meetings.

Construction Committee (Sam Hassoun)

- The committee discussed prompt payment and the Authority needs to facilitate prompt payment to subcontractors at all tiers. Prompt payment is not only for small businesses but for all subcontractors as well.
- The committee extensively discussed bonding assistance for small businesses, which is an urgent need. The committee discussed an option for the Authority to establish its own bond assistance program.
- The committee is requesting that an Authority staffer well versed in the project construction attend the committee to provide insight and information, and specifically requested Lam Nguyen, as the Authority staff who was to attend the committee meetings.
- Leonard Ortiz spoke to the committee regarding "Factoring," a method for bonding and lines of credit, and will bring a presenter on this to a future committee meeting.

ITEM VII: Administrative Updates (Alice Rodriguez, Small Business Advocate)

- The December 10, 2015 BAC meeting has been cancelled.
- The meeting schedule is included in members' packets. The Authority will be considering moving one or two of the council meetings to Fresno and/or Southern California.
- Member Organizations of the council will need to submit reaffirmation letters by the end of this year confirming that they will continue serving on the council in 2016.

ITEM VIII: Adjournment

- Council Chair Fellenz adjourned the meeting at 3:34 p.m.